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Brazil

Grain and Feed

Update for November Lockup

2002

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Report Highlights:

Post lowered the 2002 wheat production forecast to 3.1 million tons due to weather-related losses. As a result of the lower production, the import forecast was raised slightly. However, high wheat prices will dampen consumption. Post forecasts rice production in 2002/03 to remain at the same levels as the previous year.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Brasilia [BR1], BR

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Wheat

Post lowered the 2002 Brazilian wheat production forecast to 3.1 million tons, due to weather problems. A prolonged drought, frosts in late August/early September, and heavy rains during harvest in Rio Grande do Sul (RS) ended Brazil's hopes for a 4+ million ton harvest. The rains in RS continue to impede the harvest and lower quality. Parana, the largest wheat producer, suffered losses of 38 percent from the combined effects of the frosts and drought. Despite the losses, next year's wheat acreage is expected to increase due to strong internal and world prices and the government minimum support program.

A proposed law being debated in Congress is stirring considerable debate in the Brazilian wheat sector. The proposal requires the inclusion of manioc powder in wheat flour. Wheat millers are opposed to the idea, because the blend lowers the quality of the flour and reduces its nutritional value. Furthermore, wheat millers argue that the move would not necessarily reduce the cost of flour, as millers would be forced to import manioc in times of domestic shortage. Those in favor of the proposal assert that the manioc powder improves baking quality and the shelf life of bread, while opponents argue that if this was true, there would not need to be a law mandating its inclusion.

Post raised the 2002 wheat import figure slightly, while lowering the wheat consumption forecast. While high wheat prices are dampening consumption of flour, bread, and pasta, Brazil's poorer than expected harvest will necessitate further imports. Post raised the domestic feed use forecast because some of the weather-damaged crop will be unfit for milling.

Wheat PS&D

PSD Table						
Country	Brazil					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	1468	1468	1725	1710	1850	1947
Beginning Stocks	1250	932	700	130	900	424
Production	1660	1658	3250	3194	3300	3100
TOTAL Mkt. Yr. Imports	7289	7610	7000	7200	6500	6676
Jul-Jun Imports	7518	7610	7000	7200	6500	6600
Jul-Jun Import U.S.	53	100	0	110	0	300
TOTAL SUPPLY	10199	10200	10950	10524	10700	10200
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	200	500	400	200	350	400
TOTAL Dom. Consumption	9499	10070	10050	10100	9900	10100
Ending Stocks	700	130	900	424	800	100
TOTAL DISTRIBUTION	10199	10200	10950	10524	10700	10200

Corn

Post made no changes to the Corn PS&D.

A drought in the Southeast and Center-West is delaying corn planting. While rains have commenced in some regions, not all areas have been able to begin planting and some producers have shifted to soybeans which can be planted later in the year. Furthermore, the delay in soybean planting, particularly for quicker-to-maturity varieties, may reduce the acreage for safrinha corn. Late planting for safrinha corn subjects the crop to greater weather risks, such as heavy rains during harvest.

Corn PS&D

PSD Table						
Country	Brazil					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		04/2001		04/2002		04/2003
Area Harvested	12972	12972	12100	12310	12400	12000
Beginning Stocks	600	3535	1606	4218	1531	3018
Production	41536	42289	35500	36000	37000	35400
TOTAL Mkt. Yr. Imports	293	548	425	600	525	800
Oct-Sep Imports	671	600	260	400	400	700
Oct-Sep Import U.S.	16	16	0	0	0	0
TOTAL SUPPLY	42429	46372	37531	40818	39056	39218
TOTAL Mkt. Yr. Exports	6323	5918	1500	1500	1500	500
Oct-Sep Exports	3741	3741	3900	3500	1500	800
Feed Dom. Consumption	30500	32000	30500	33000	32000	34000
TOTAL Dom. Consumption	34500	36236	34500	36300	36000	37000
Ending Stocks	1606	4218	1531	3018	1556	1718
TOTAL DISTRIBUTION	42429	46372	37531	40818	39056	39218

Rice

Post raised the 2002/03 rice area and production forecast slightly, thereby bringing it to the previous year's level. Rice planting in Rio Grande do Sul is delayed due to heavy rains.

High prices and low supplies in the Mercosul region may result in Brazilian rice imports from alternative suppliers, such as the United States. While importers are pushing for a removal of the Common Export tariff (TEC) for paddy rice, rice growers within the Mercosul have been requesting an increase in the TEC to the maximum 35 percent.

Furthermore, Brazilian producers have also protested that Brazil should not import rice from countries who subsidize production. Recent efforts by importers to bring in US rice have been met with considerable protest by producers. USDA and the post are working closely with Ministry of Agriculture officials to meet new pest risk assessment requirements for paddy rice and other commodities.

Rice PS&D

PSD Table						
Country	Brazil					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		04/2001		04/2002		04/2003
Area Harvested	3142	3250	3176	3240	3150	3240
Beginning Stocks	1513	1363	1327	1110	1219	886
Milled Production	7062	7062	7250	7250	7150	7276
Rough Production	10385	10385	10662	10662	10515	10700
MILLING RATE (.9999)	6800	6800	6800	6800	6800	6800
TOTAL Imports	730	663	625	618	525	600
Jan-Dec Imports	673	663	600	618	400	600
Jan-Dec Import U.S.	0	2	0	0	0	0
TOTAL SUPPLY	9305	9088	9202	8978	8894	8762
TOTAL Exports	22	22	25	136	25	50
Jan-Dec Exports	22	22	25	136	25	50
TOTAL Dom. Consumption	7956	7956	7958	7956	8000	7956
Ending Stocks	1327	1110	1219	886	869	756
TOTAL DISTRIBUTION	9305	9088	9202	8978	8894	8762